

INITIAL OPERATIONS FOR INTEREXCHANGE CARRIERS,
COMPETING LOCAL EXCHANGE CARRIERS, WIRELESS
TELECOMMUNICATIONS PROVIDERS, TELECOMMUNICATIONS
RESELLERS, AND OPERATOR SERVICES PROVIDERS

Pursuant to Administrative Case No. 359¹ and Administrative Case No. 370,² an interexchange carrier, long-distance reseller, or operator services provider must file with the Commission prior to providing service in Kentucky the original and 4 copies of a proposed tariff, pursuant to 807 KAR 5:011, to be effective no sooner than 30 days from the date of filing, and the following information and documents:

1. Full name and post office and street address, telephone and fax number (if any) of utility.
2. Articles of incorporation or partnership agreement.
3. Name, street address, telephone number and fax number (if any) of the responsible contact person for customer complaints and regulatory issues.
4. A notarized statement by an officer of the utility that the utility has not provided or collected for intrastate service in Kentucky prior to filing its tariff or, alternatively, a notarized statement by an officer that the utility has provided intrastate services and that it will refund or credit customer accounts for all monies collected for intrastate service.
5. A statement that the utility does not seek to provide operator assisted services to traffic aggregators as defined in Administrative Case No. 330³ or, alternatively, that the utility does seek to provide operator assisted service to traffic aggregators but that in so doing it is complying with the Commission's mandates in Administrative Case No. 330.

¹ Administrative case No. 359, Exemptions for Interexchange Carriers, Long-Distance Resellers, Operator Service Providers and Customer Owned Coin Operated Telephones, Order dated June 21, 1996 (copy of Order attached).

² Administrative Case No. 370, Exemptions for Providers of Local Exchange Service Other Than Incumbent Local Exchange Carriers, Order dated January 8, 1998 (copy of Order attached).

³ Administrative Case No. 330, Policy and Procedures in the Provision of Operator-Assisted Telecommunications Services, Orders dated March 27, 1991 and May 3, 1991 (a summary of conditions of operator services adapted from these orders is attached hereto as Appendix 3).

For your information, the following is a partial list of regulatory requirements that apply telecommunications providers operating in Kentucky. Please be advised that this list does not purport to provide in exhaustive detail all statutes, regulations, and Commission Orders that pertain to providing telecommunications service in Kentucky and to which all providers must adhere. You should review the applicable statutes, regulations, and Orders themselves prior to filing your tariff. The items below are frequently overlooked or misconstrued and, consequently, have been included in this package to provide you with additional assistance. If you have any questions, please contact the Commission Staff at (502) 564-3940.

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| Admin. 306 | The name of the company providing service shall appear prominently on all bills for services. |
| 807 KAR 5:006 | |
| Section 7(6) | Interest shall accrue on all deposits at the rate prescribed by law, beginning on the date of deposit. |
| Section 7(7) | Each utility which chooses to require deposits shall establish and include in its filed tariff the deposit policy to be utilized. |
| Section 8(3)(h) | A penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges. |
| Section 9 | A customer may complain to the utility in person, by telephone, or in writing. Upon receipt of a customer complaint, the utility shall promptly investigate the matter. Records shall be maintained for two (2) years from the date of resolution of the complaint. If a complaint is not resolved, the utility shall inform the complainant of his right to file a complaint with the Commission and shall give the complainant the address and telephone number of the Commission. |
| Section 13 | Each utility shall permit all customers to contact the utility's designated representative without charge. |

Section 14(1)

A utility may refuse or terminate service for the following reasons:

- (a) For noncompliance with the utility's tariffed rules or Commission regulations after the utility has made a reasonable effort to obtain customer compliance and after the customer has been given at least ten (10) days' advance written termination notice pursuant to Section 13(5) of this regulation.
- (b) For dangerous conditions (no advance notice necessary).
- (c) For refusal of access after the customer has been given at least ten (10) days' written termination notice pursuant to Section 13(5) of this regulation.
- (d) For outstanding indebtedness.
- (e) For noncompliance with state, local or other codes after the customer has been given at least ten (10) days' written termination notice pursuant to Section 13(5) of this regulation unless ordered to terminate immediately by a governmental official.
- (f) For nonpayment of bills; however, no utility shall terminate service to any customer for nonpayment of bills for any tariffed charge without first having mailed or otherwise delivered an advance termination notice which complies with the requirements of Section 13(5) of this regulation.

Telephone utility proposing to terminate customer service for nonpayment shall mail or otherwise deliver to that customer five (5) days' written notice of intent to terminate. Under no circumstances shall service be terminated before twenty (20) days after the mailing date of the original unpaid bill.

- (g) For illegal use or theft of service. A utility may terminate service to a customer without advance notice if it has evidence that a customer has obtained unauthorized service by illegal use or theft.

In addition, you should closely review and comply with (a) 807 KAR 5:062, which concerns PIC charge verification procedures in Kentucky, and (b) quality of service standards discussed in Administrative Case No. 273.⁴

⁴ Administrative Case No. 273, An Inquiry into Inter- and IntraLATA Intrastate Competition in Toll and Related Services Markets in Kentucky, Order dated May 25, 1984 (relevant excerpt from page 37 of the Order attached hereto as Appendix 4).

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

EXEMPTIONS FOR INTEREXCHANGE)	
CARRIERS, LONG-DISTANCE RESELLERS,)	
OPERATOR SERVICE PROVIDERS AND)	ADMINISTRATIVE
CUSTOMER-OWNED, COIN-OPERATED)	CASE NO. 359
TELEPHONES)	

O R D E R

Pursuant to KRS 278.512 and 278.514, the Commission, on its own motion, hereby initiates this proceeding to determine whether it should exempt interexchange carriers ("IXCs"), long-distance resellers, operator service providers and pay phone providers also called customer-owned, coin-operated telephones ("COCOTs") from certain regulatory requirements. The telecommunications toll market in Kentucky has advanced to the point that there are approximately 200 providers of long-distance toll services and approximately 300 COCOT providers in the Commonwealth. The diversity and number of providers indicates that Commission consideration of the exempting of these utilities from certain regulations and statutes is timely.

Because of the plethora of carriers, none exercise market power. The absence of market power appears to make the current regulatory oversight unnecessary. The streamlined process identified herein will enable these utilities to provide service more rapidly with fewer resources.

When evaluating the reasonableness of regulatory exemption, the Commission is bound by KRS 278.512 and 278.514. The Commission may exempt or reduce the

regulation of telecommunications services and products if it determines that exemption or alternative regulation is in the public interest. KRS 278.512 identifies criteria to be considered by the Commission and permits consideration of any other factor deemed in the public interest.

The Commission considers the extent to which competing telecommunications services are available in the relevant market, the existing ability and willingness of competitive providers to make functionally equivalent or substitute services readily available, and the number and size of competitive providers. In approximately 15 years the toll market segments have expanded from one provider to approximately 200 providers. Customers may easily change providers. They have abundant options. Further, the intraLATA toll market is swiftly migrating to full equal access.

The overall impact of the proposed regulatory change on the availability of existing services at reasonable rates is considered by the Commission. The exemptions provided herein should allow quicker responses to market conditions. Adequate services and reasonable rates should, moreover, remain available to customers by virtue of the sheer number of competitors.

The Commission also must consider the impact that exempting toll services will have upon universal service. The reduction of resources dedicated to regulatory issues should have a positive impact on service availability and a negligible impact on universal service. Continued regulation of toll service may actually hamper utilities' ability to compete in a competitive market environment.

APPLICATIONS FOR INITIAL OPERATIONS

Pursuant to KRS 278.020, the Commission has required utilities operating for the first time within the Commonwealth to submit an application consistent with our regulations, detailing the utility's intended services, management, financial condition and other items. The Commission believes this should no longer be necessary. Instead, the Commission tentatively finds that IXCs, long-distance resellers, and operator service providers intending to serve the Commonwealth should supply only a proposed tariff to be effective 30 days from the date of filing, with a cover letter notifying the Commission of its intent to operate in Kentucky.

This cover letter would include the following information: (1) the name and address of the company; (2) articles of incorporation or partnership agreement; (3) name, street address, telephone number and fax number (if any) of the responsible contact person for customer complaints and regulatory issues; (4) a notarized statement by an officer of the utility that the utility has not provided or collected for intrastate service in Kentucky prior to filing the notice of intent or, alternatively, a notarized statement by an officer that the utility has provided intrastate services, that it will refund or credit customer accounts for all monies collected for intrastate service; and (5) a statement that the utility does not seek to provide operator assisted services to traffic aggregators as defined in Administrative Case No. 330¹ or, alternatively, that the utility does seek to

¹ Administrative Case No. 330, Policy and Procedures in the Provision of Operator-Assisted Telecommunications Services, Order Dated March 27, 1991.

provide operator assisted service to traffic aggregators but that in so doing it is complying with the Commission's mandates in Administrative Case No. 330.

An original and four copies of this cover letter and tariff would be filed with the Commission and sent to the attention of the Executive Director. If neither these items nor any prescribed corrections to the proposed tariff have been supplied within 30 days of the original filing date, the utility's proposed tariff would be rejected by letter.

TARIFF ADDITIONS AND REVISIONS

IXCs and long-distance resellers may file additions and revisions to their tariffs with one day's notice and without customer notice. Thus, the Commission reaffirms its decisions in Case No. 94-286² and Case No. 94-500,³ except as specified herein regarding operator, pay phone, credit card and debit card service providers. The Commission tentatively finds that it should alter the decision in these cases to the extent that operator, pay phone, credit card and debit card service providers should also be permitted to modify their existing tariffs with one day's notice and without customer notice. These rates should also be accepted as presumptively valid.

However, operator service providers are subject to the complaint process specified herein. If there is a customer complaint about a rate for operator services, and it is

² Case No. 94-286, Joint Petition of AT&T Communications of the South Central States, Inc., MCI Telecommunications Corporation, Sprint Communications Company L.P., and LDDSMetroMedia Communications, Inc. to Reduce the Tariff Filing Notice Period for Interexchange Carriers.

³ Case No. 94-500, Petition of AT&T Communications of the South Central States, Inc. to Reduce the Tariff Filing Notice Period Applicable to Special Service Promotions Made Available to Kentucky Customers.

found that the rate is greater than 15 percent above the average rates of AT&T Communications of the South Central States ("AT&T"), MCI Telecommunications Corporation ("MCI"), and Sprint Communications Company L.P. ("Sprint") for comparable service, the utility should then be required to produce cost justification for its rate. If the rate should be found not to be cost justified, then the carrier should be required to reduce its rate on a prospective basis. Finally, refunds or credits should be made to those customers complaining of the excessive rate. The refunds or credits should include those monies collected that were in excess of 15 percent above the average rate of AT&T, MCI, and Sprint for comparable service.

Though operator service providers do exhibit certain monopoly characteristics, the Commission tentatively finds that the procedure specified herein will ensure that public interest is maintained while acknowledging the growing competitive market.

APPLICATIONS FOR TRANSFER OF OWNERSHIP OR CONTROL

Under KRS 278.020(4) and (5), IXCs and long-distance resellers, operator service providers and COCOTs are required to seek prior approval for authority to transfer their operations through a sale of assets or transfer of stock. However, given the competitive nature of the markets in which these utilities operate, this prior approval no longer appears necessary. Based upon its experience, the Commission is reasonably certain that toll providers have the necessary managerial, technical and financial capabilities to provide service. Furthermore, should a toll provider cease to operate, ratepayers in Kentucky have numerous options readily available.

Accordingly, the Commission tentatively finds that IXC's and long-distance resellers need only to supply a letter to the Commission stating a description of the transfer and providing an adoption notice pursuant to 807 KAR 5:011, Section 11, for the tariff with one day's notice. A utility that ceases to operate shall advise the Commission by letter requesting withdrawal of its tariff.

An original and four copies of this transfer letter would be filed with the Commission and sent to the attention of the Executive Director.⁴

FINANCING

Pursuant to KRS 278.300, utilities are required to seek prior approval for issuance of securities or evidences of indebtedness, or prior to assuming any obligation or liability in respect to the securities or evidences of indebtedness. This requirement no longer appears necessary for IXC's, long-distance resellers, and operator service providers for

⁴ The Commission cautions all utilities that the sale by a utility of part of its customer base, even though the utility will still provide the same line of business furnished to the customers whose accounts were sold, is not a transfer pursuant to KRS 278.020 [See Case No. 96-078, Application of MidCom Communications, Inc. and GE Capital Communications Services Corporation, d/b/a GE Exchange and d/b/a GE Capital Exchange for Approval of a Transfer of Assets, Order dated May 7, 1996]. Where the utilities do not obtain the customer's authorization for the transfer of the customer's service to another utility, an unauthorized preferred interexchange carrier ("PIC") change has occurred. This is an unreasonable practice pursuant to KRS 278.260 and will not be authorized by this Commission. The sale of an entire line of business, or of an entire utility, is authorized. Clearly it makes no sense to attempt to force a carrier to continue to provide service it no longer wishes to provide simply because its customers do not want to change their PIC. However, where the transferring utility will continue to provide precisely the same service it currently provides to the customer(s) whose PIC designation it is selling to another, it commits an unreasonable practice by that sale within the Commonwealth of Kentucky. Accordingly, such a sale is not sanctioned by the regulatory exemption provided herein.

the protection of the public interest, given the competitive nature of the toll market. The Commission tentatively finds that financial decisions such as assuming evidences of indebtedness should be made by the utility in response to market conditions and the availability of capital resources. Public interest no longer dictates that the financial viability of each and every provider of toll service should be maintained. Should a toll provider cease to operate due to financial mismanagement or other reasons, ratepayers in Kentucky have numerous providers available for toll service.

EXEMPTIONS FOR COCOTS

Pursuant to Administrative Case No. 337,⁵ COCOTs are required to file tariffs with the Commission prior to serving Kentucky. The tariffs are also required to contain rates that are no greater than those of AT&T for interLATA services, or the local exchange carrier in the territory in which the COCOT provides intraLATA services. However, due to the number of COCOT providers and the general availability of options for telecommunications services, the Commission tentatively finds that (1) COCOTs should not be required to file rates with 30 days' notice to the Commission; (2) COCOTs should be permitted to file rates with one day's notice and then rates should be accepted as presumptively valid; (3) if, however, the Commission receives customer complaints regarding a COCOT's rates, and it is found that its rates are greater than 15 percent above the average rates of AT&T, MCI, and Sprint for comparable service, the COCOT should be required to produce cost justification for its rates; if the rates are not cost

⁵ Administrative Case No. 337, The Investigation and Review of Customer-Owned, Coin-Operated Telephone Regulation.

justified, then the COCOT should reduce its rates on a prospective basis; (4) finally, refunds or credits should be made to those customers complaining of the excessive rates. The refunds or credits should include those monies collected that were in excess of 15 percent above the average rates of AT&T, MCI and Sprint for comparable service.

Furthermore, the Commission tentatively finds that COCOTs should be permitted, at their discretion, to include a statement in their tariffs to the effect that the COCOT toll rates are no greater than the existing rates of the COCOT's underlying toll carrier, such as AT&T, MCI or any other IXC. Moreover, the Commission tentatively finds that the COCOT should be permitted to state in its tariff that it concurs with the rates for 1+ and 0+ calls of its underlying toll carrier. If such a statement is included in the COCOT tariff, it should state the underlying toll carrier's name. If either of the foregoing options is chosen, the actual rates of the COCOT should not be required to appear in the COCOT's tariff.

CONCLUSION

The Commission does not contemplate extending any of the exemptions provided herein to services provided by incumbent local exchange carriers ("LEC"), competitive access providers ("CAP") or wireless carriers. The competitive nature of the toll market should provide adequate safeguards to protect customers from unfair treatment, poor service quality, or excessive prices. However, regardless of the extent of the exemptions eventually granted in this proceeding, all customers may continue to exercise their option of filing complaints regarding the exempt services with the utility and the Commission.

The Commission retains jurisdiction over exempted services pursuant to KRS 278.512 and KRS 278.514. Toll providers shall continue to fulfill all requirements of KRS Chapter 278 and Commission regulations and orders not specifically exempted herein.

A copy of this Order shall be served on the Attorney General of the Commonwealth of Kentucky and all telecommunications providers in Kentucky. The procedures and exemptions prescribed in this Order shall be effective July 31, 1996 unless the Commission receives from interested persons comments indicating disagreement with any exemption described herein.

IT IS THEREFORE ORDERED to be effective July 31, 1996 unless further proceedings are ordered herein, that:

1. IXC's, long-distance resellers, and operator service providers shall no longer provide initial operation applications pursuant to KRS 278.020(3); or applications for prior approval of transfers pursuant to KRS 278.020(4) or (5); or applications for securing evidences of indebtedness pursuant to KRS 278.300.

2. Operator, pay phone, credit card, and debit card service providers shall modify existing tariffs with one day's notice and no customer notice, with the operator service providers subject to the complaint process established herein.

3. COCOTs shall no longer be required to file a tariff with 30 days' notice to the Commission prior to serving in Kentucky. COCOTs shall file tariffs with one day's notice, subject to the customer complaint process established herein.

4. Toll providers shall submit an initial proposed tariff with the prescribed information in a cover letter to the Commission at least 30 days prior to the date they plan to serve Kentucky.

5. Toll providers shall provide a letter to the Commission describing any transfer and shall file an adoption notice of its tariff.

6. A utility that ceases to operate shall notify the Commission by letter and shall seek withdrawal of its tariff.

7. This Order is inapplicable to incumbent LECs, CAPs and wireless carriers.

8. The effective date of this Order shall be August 1, 1996 unless any petition for a hearing is filed by July 22, 1996. Such petition shall specify exactly those portions of this Order for which hearing is sought and the basis for such petition. Any portions of this Order for which hearing is not sought shall be effective August 1, 1996 without further Order of the Commission.

9. Pursuant to KRS 278.512(5), any exemption ordered herein may be vacated or modified if it is found to not be in the public interest.

10. A copy of this Order shall be served on all telecommunications providers in Kentucky and the Attorney General.

Done at Frankfort, Kentucky, this 21st day of June, 1996.

By the Commission

ATTEST:



Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

EXEMPTIONS FOR PROVIDERS OF LOCAL) ADMINISTRATIVE
EXCHANGE SERVICE OTHER THAN) CASE NO. 370
INCUMBENT LOCAL EXCHANGE CARRIERS)

O R D E R

Pursuant to KRS 278.512 and 278.514, the Commission, on its own motion, hereby initiates this proceeding to determine whether providers of telecommunications service other than dominant incumbent local exchange carriers should be exempt from certain regulatory requirements.

When evaluating the reasonableness of regulatory exemption, the Commission is bound by KRS 278.512 and 275.514. The Commission may exempt or reduce regulation of telecommunications services and products if it determines that exemption or reduced regulation is in the public interest. One consideration in determining public interest is the reduction of resources dedicated to regulatory activities no longer required to protect the public.

Financing Applications

Pursuant to KRS 278.300, the Commission has required competitive local exchange carriers ("CLECs") and wireless carriers to submit an application, consistent with our regulations, providing a complete description of securities proposed to be issued or indebtedness proposed to be incurred. This requirement was meant to ensure that the contemplated financings would not impair a local exchange carrier's ability to provide service at fair, just and reasonable rates.

CLECs and wireless carriers are not rate regulated by the Commission because they neither possess market power nor own local exchange bottleneck facilities. Therefore, there is no need to monitor their financial stability to ensure their continued existence. CLECs do not have carrier of last resort responsibilities and their failure as the result of bad financing decisions would have no impact on the availability of service as other carriers are available to supply service. Similarly, the wireless market is competitive, and thus oversight of their financing activities is no longer required.

Applications For Transfer of Ownership or Control

Under KRS 278.020(4) and (5), CLECs and wireless carriers are required to seek prior approval for authority to transfer their operations through a sale of assets or transfer of stock. However, there appears to be no need for the Commission to approve these types of transactions for the reasons discussed above. Accordingly, the Commission finds the CLECs and wireless carriers need only supply a letter to the Commission describing the transfer and providing an adoption notice pursuant to 807 KAR 5:011, Section 11, for the tariff with one day's notice.

An original and four copies of this transfer letter should be filed with the Commission and sent to the attention of the Commission's Executive Director. In Administrative Case No. 359,¹ the Commission prohibited a utility from selling its customer base where the utility would still provide the same line of business to new customers or customers whose accounts were not sold. Utilities must obtain a customer's authorization

¹ Administrative Case No. 359, Exemptions For Interexchange Carriers, Long-Distance Resellers, Operator Service Providers and Customer-Owned, Coin Operated Telephones at 6, footnote 1 (June 21, 1996).

before transferring his service to another carrier. Otherwise, an unauthorized preferred interexchange carrier change has occurred. Any transfer by a CLEC or wireless carrier also will be subject to this limitation.

Applications for Initial Operations for CLECs and Wireless Carriers

The lack of market power of CLECs and wireless carriers, together with the availability of competitive choices, makes it reasonable to require only a proposed tariff with 30 days' notice to the Commission and a cover letter setting forth certain information prior to CLEC or wireless entry into the Kentucky market.

The items to be addressed in the cover letter are: (1) the name and address of the company; (2) articles of incorporation or partnership agreement; (3) name, street address, telephone number and fax number (if any) or the responsible contact person for customer complaints and regulatory issues; (4) a notarized statement by an officer of the utility that the utility has not provided or collected for intrastate service in Kentucky prior to filing the notice of intent or, alternatively, a notarized statement by an officer that the utility has provided intrastate service and that it will refund or credit customer accounts for all monies collected for intrastate service; and (5) a statement that the utility does not seek to provide operator assisted services to traffic aggregators as defined in Administrative Case No. 330² or, alternatively, that the utility does seek to provide operator-assisted service to traffic aggregators but that in so doing it is complying with the Commission's mandates in Administrative Case No. 330.

² Administrative Case No. 330, Policy and Procedures In the Provision of Operator-Assisted Telecommunications Services (March 27, 1991).

Conclusion

The existence of competitive alternatives with carrier of last resort obligations, together with Commission oversight of these carriers, should provide adequate safeguards to protect customers from unfair treatment, poor service quality, or excessive prices. However, regardless of the extent of the exemptions eventually granted in this proceeding, all customers may continue to exercise their option of filing complaints regarding the exempt services with the utility and the Commission. In addition, the Commission retains jurisdiction over exempted services pursuant to KRS 278.512 and KRS 278.514.

A copy of this Order shall be served on the Attorney General of the Commonwealth of Kentucky and all telecommunications providers in Kentucky. The procedures and exemptions prescribed in this Order shall be effective January 31, 1998 unless the Commission receives from interested persons comments indicating disagreement with any exemption described herein.

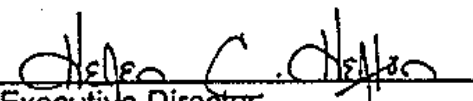
IT IS THEREFORE ORDERED, effective January 31, 1998 unless further proceedings are ordered hereafter, that:

1. CLECs and wireless carriers are exempted from filing applications for prior approval of transfers pursuant to KRS 278.020(4) or (5) or applications for securing evidences of indebtedness pursuant to KRS 278.300.
2. CLECs and wireless carriers are exempted from filing applications for initial operations and shall only file 4 copies of a cover letter as described herein with a proposed tariff.
3. The exemptions granted herein are applicable to all non-incumbent local exchange carriers, and wireless telecommunications providers.

Done at Frankfort, Kentucky, this 8th day of January, 1998.

By the Commission

ATTEST:


Executive Director

**Conditions of Service for the Provision of Operator Services Adopted
from Commission Orders in Administrative Case No. 330, Orders Dated
March 27, 1991 and May 3, 1991.**

(1) Operator-assisted services shall be subject to rate regulation and rates shall not exceed the maximum approved rates of AT&T Communications of the South Central States, Inc. ("AT&T") for interLATA services and the local exchange carrier ("LEC") for intraLATA services. "Maximum approved rates" are defined to mean the rates approved by this Commission in AT&T's and the LEC's most recent rate proceeding for measured toll service applicable to operator-assisted calls, as well as the additional charges for operator assistance. Carriers are not permitted to include any other surcharges or to bill for uncompleted calls. Time-of-day discounts shall also be applicable. Carriers are also required to rate calls using the same basis that AT&T and the LEC uses to rate calls, i.e., distance calculations based on points-of-call origination and termination, definitions of chargeable times, billing unit increments, rounding of fractional units, and minimum usages. When there is any change in the maximum approved rates, carriers shall file tariffs if necessary to comply with the requirements herein within 30 days of the effective date of the rate change.

(2) Except as otherwise indicated in this Order, non-dominant carriers shall be subject to regulation as delineated in the May 25, 1984 Order in Administrative Case No. 273 as well as any subsequent modifications to non-dominant carrier regulations. In the

event of conflict, the terms of the instant Order shall take precedence, unless a carrier is specifically relieved from compliance with any conditions contained herein.

(3) Operator service providers that provide service to traffic aggregators shall not allow access to the operator services of competing carriers to be blocked or intercepted. Blocking and interception prohibitions shall be included in tariffs and all contracts entered into with any traffic aggregator and shall state that violators will be subject to immediate termination of service after 20 days' notice to the owners of non-complying customer premises equipment.

(4) Traffic aggregator is defined to mean any person that, in the ordinary course of its operations, makes telephones available to the public or to transient users of its premises for intrastate telephone calls using a provider of operator services. Aggregators include hotels and motels, hospitals, universities, airports, gas stations, and non-local exchange carrier pay telephone owners. This definition includes the provision of all non-local exchange carrier pay telephones even if no compensation is paid to the owner of the pay telephone. The residential use of operator services is specifically excluded from this definition.

(5) Access to the local exchange carriers' operators shall not be blocked or otherwise intercepted by traffic aggregators. Specifically, all "0-" calls, that is, when an end-user dials zero without any following digits, shall be directed to the local exchange carrier operators. In equal access areas, "0+" intraLATA calls, that is, when an end-user dials zero and then dials the digits of the called telephone number, shall not be intercepted or blocked. In non-equal access areas, it is prohibited to block or intercept "0-" calls; however, it is permissible to intercept "0+" calls. Blocking and interception prohibitions shall

be included in tariffs and all contracts entered into with any traffic aggregator and shall state that violators will be subject to immediate termination of service after 20 days' notice to the owners of non-complying customer premises equipment.

(6) Carriers shall not be required to provide access codes of competitors. Each carrier should advise its own customers as to the appropriate 10XXX access code.

(7) Carriers shall provide tent cards and stickers to traffic aggregators to be placed near or on telephone equipment used to access their services and shall include provisions in tariffs and contracts entered into with any traffic aggregator that subject violators to immediate termination of service after 20 days' notice to the owners of non-complying customer premises equipment.

(8) Operators shall identify the carrier at least once during every call before any charges are incurred.

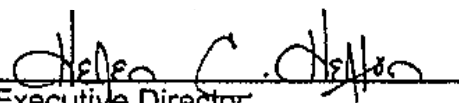
(9) Operators shall provide an indication of the carrier's rates to any caller upon request.

(10) Carriers shall not accept calling cards for billing purposes if they are unable to validate the card.

Done at Frankfort, Kentucky, this 8th day of January, 1998.

By the Commission

ATTEST:


Executive Director

Quality of Service Standards

The Commission's regulation, 807 KAR 5:061, contains several sections which define minimum standards for the quality of service offered by a telephone company. These standards were written with the expectation that one company would provide all telecommunications services, including basic local service and toll service, within its operating area. This will not be the case in the future; however, many of these standards as written are applicable to non-dominant interexchange carriers. Specifically, Sections 19, 20, and 21(5) could be applied to all interexchange carriers.

The Commission finds that all nondominant interexchange carriers should conform to Sections 19, 20, and 21(5) of 807 KAR 5:061. However, the Commission further finds that if a non-dominant interexchange carrier wishes to offer a lower quality of service than that set out in 807 KAR 5:061, Sections 19, 20, and 21(5), it should be allowed to do so under the following conditions: (1) the carrier should notify the Commission as to what the standards will be and how they will be determined, and (2) the carrier should notify its customers of the lower quality of service to be offered.